February 28, 2019

HB 7174: AAC Prescription Drugs
Testimony Submitted to the Insurance and Real Estate Committee

Senator Lesser, Representative Scanlon and the Distinguished Members of the Insurance and Real Estate Committee;

Thank you for the opportunity to offer testimony regarding HB 7174.

My name is David Benoit. I am a pharmacist working as Vice-president of Patient Care Services at Northeast Pharmacy Service Corporation, a company that acts like chain headquarters for approximately 260 independent community pharmacies in four states. About 120 of these are in Connecticut. Last year at this time there were approximately 15% more stores.

The reasons for the decline in independent community pharmacies are manifold. There are certain controllable expenses that we voluntarily assume in order to better serve our patients. They may include, simple things like serving a disproportionately large share of Medicaid patients, store charge accounts and home delivery. At greater complexity we try to organize patients" medications so that they all can be filled at the same time, making it easier to take them correctly. If that is not quite enough, we offer special compliance packaging to organize all the medicines. Some of us specialize in medication customization, compounding, specialty patient care services, group home and facility services, medical equipment and supplies, and even straightening out patients medications after they are discharged from one facility to another or to home. We never wanted to be your average drug store. We can reduce our expenses by reducing or eliminating a number of these patient care services; a choice that none of us wants to face, but which challenges us now.

As an industry segment we have been unable to operate soundly in the State Employee Prescription Drug Plan, for many years. We wish it were otherwise.

In Section 4, we read about the expansion of the Prescription Drug Program to the cities and towns and now to private insurers perplexing. Fewer patients for us to serve is not a great business model. The margin and profit dollars need to be shared among the parties, not conserved by the PBM. We wonder what community pharmacies' role in these programs is expected to be.

In addition, we would suggest that a compliance audit, of the current program be implemented, as outlined in Section 1. State Medicaid programs, like New York and Ohio, have found hundreds of millions of dollars in PBM claim markups.

Northeast Pharmacy Service Corporation
1661 Worcester Road Suite 405 Framingham, MA 01701-5401
800/532.3742 508/875.1866 F: 508/875.6108
www.northeastpharmacy.com

Pharmacy owners in our service strongly support the National Council of Insurance Legislators (NCOIL) model legislation on Pharmacy Benefit Manager Licensure and Regulation. It sets the standard for state licensure, fees, reporting to ensure transparency and it offers additional language regarding "Gag clauses".

Regarding Section 5, we know that the Pharmacy Benefit Managers' (PBM"s) contracts are unfair, lopsided, and offered on a take-it-or-leave-it basis. We don't know once we have received a paid response in real time for a claim, how much they are going to take back from the claim under a cloud of complexity we do not quite understand. They take money back because we did not fill enough prescriptions with generics; we filled the brand prescriptions that authorized prescribers wrote. They take money back because they say our performance was not adequate, using measures designed for health systems. Sometimes, they take it back and call it DIR (direct and indirect remuneration) without any attempt to explain it. Pharmacies are forced into multiple price concessions that may occur over a year later. In 2017, these fees doubled over the prior year. In 2018 they doubled again, a fourfold increase over 2016. We applaud any effort to make DIR fees be timely and transparent.

Section 6 proposes the study of drug reimportation. We are interested in reducing drug costs so long as the integrity of the drug supply remains secure under the watchful eye of the FDA.

PBMs handle over 80% of the money in the nation's spend on drugs. They have invented multiple ways to profit handsomely from a business that essentially processes prescription claims. It is time for government oversight. NPSC has successfully supported MAC (Maximum Allowable Cost) legislation in Maine, Massachusetts and Rhode Island. In Connecticut we have yet to succeed; we would like you to consider adding some of the MAC language to this bill. In 2017, the MAC bill was HB 7124.

Preserving patient care services that so many Connecticut residents currently enjoy, will require government to act to ameliorate the behavior of PBMs regarding their extraordinary market power.

There is much work to be done. Let us begin with HB 7174 and work quickly. How can we help?

Thank you very much for your time and attention.

Respectfully submitted,

David G Benoit

David G. Benoit, MHP, RPh
VP, Patient Care Services
Northeast Pharmacy Service Corporation